

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

P.O. Box 11263  
Columbia, S.C. 29211



Phone: (803) 737-0800  
Fax: (803) 737-0801

DAN E. ARNETT  
CHIEF OF STAFF

176533

October 28, 2005

Charles L.A. Terreni, Esquire  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
100 Executive Center Dr.  
Columbia, South Carolina 29210

RE: Docket No. 2005-232-C – Application of Quality Telephone, Incorporated for a Certificate of Public Convenience and Necessity to Provide Local Exchange Services, Exchange Access Services, Interexchange Telecommunications Services and for Flexible Regulation of its Local Exchange Services

Dear Mr. Terreni:

Enclosed for filing are the original and sixteen copies of the Settlement Agreement between the Applicant in the above referenced matter, Quality Telephone, Incorporated, and the Office of Regulatory Staff ("ORS"). Please date stamp one copy and return it to us via our courier.

We have served same on all parties of record and enclose a Certificate of Service to that effect.

Please let me know if you have any questions concerning this matter.

Sincerely,

C. Lessie Hammonds  
Office of the Regulatory Staff

CLH/pjm  
Enclosures

cc: John J. Pringle, Jr., Esquire  
Judith A. Riley, Regulatory Consultant  
Margaret M. Fox  
F. David Butler, Esquire

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2005-232-C**

**October 28, 2005**

**IN RE:**

**Application of Quality Telephone, )**  
**Incorporated for a Certificate of )**  
**Public Convenience and Necessity to )**  
**Provide Local Exchange Services, )**  
**Exchange Access Services, Interexchange )**  
**Telecommunications Services And for )**  
**Flexible Regulation of its Local Exchange )**  
**Services )**

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Quality Telephone, Inc., ("Quality" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on August 4, 2005, Quality filed its application requesting a Certificate of Public Convenience and Necessity to provide resold local exchange services, access services, resold interexchange telecommunications services, and flexible regulation for its local exchange services pursuant to Order No. 98-165 in Docket No. 97-467-C ;

WHEREAS, on September 9, 2005, the Public Service Commission of South Carolina (the "Commission") issued a notice of hearing and set return dates for the

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hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on October 31, 2005;

WHEREAS, on October 4, 2005, Quality pre-filed testimony of Frank McGovern with the Commission;

WHEREAS, the South Carolina Telephone Coalition ("SCTC") filed a Petition to Intervene in this matter on October 6, 2005;

WHEREAS, the SCTC pre-filed testimony of L.B. Spearman on October 18, 2005;

WHEREAS, on October 21, 2005 the SCTC filed a stipulation between SCTC and Quality and requested to withdraw the pre-filed testimony of L.B. Spearman;

WHEREAS, the purpose of this proceeding is to review the application filed by Quality and its request for a Certificate of Public Convenience and Necessity;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the application and the financial data provided by the Company, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by Quality and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by Quality;

WHEREAS, as a result of its investigations, ORS has determined a) Quality intends to offer residential telephone service with optional features and bundled services such as local and long distances services in the geographic areas served by BellSouth; b)

the officers of Quality possess sufficient technical and managerial abilities to adequately provide the services applied for; c) based upon the information provided and the analysis performed Quality appears to have the financial resources necessary to provide the services proposed in its application; d) certain revisions should be made to Quality's proposed tariffs in order to comply with Commission statutes and regulations; e) the services provided by Quality will meet the service standards required by the Commission; f) the provision of local services by the Company will not adversely impact the availability of affordable local exchange service; g) to the extent it is required to do so by the Commission, Quality will participate in the support of universally available telephone service at affordable rates; and h) the provision of local services by Quality will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket.

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of Quality Witness Frank McGovern who will be presented without cross-examination by ORS;

2) Quality agrees to submit into the record before the Commission revised tariffs in accordance with ORS recommendations;

3) With respect to the offering of exchange access services, the Company agrees that, prior to filing an exchange access tariff with the Commission, it will submit a copy of its proposed exchange access tariff to ORS for review. The Company further agrees to make all changes suggested by ORS in order that the exchange access tariff complies with the Rules of the Commission and applicable state law;

4) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold local exchange services, access services and resold interexchange telecommunications services within the state of South Carolina;

5) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-610 (location of books and records), 103-631 (publication of directories), and any Commission rules or policies requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"), and the Parties agree to the reasonableness of a waiver of 26 S.C. Code Ann. Regs. 612.2.3 (Operating Area Maps);

6) ORS does not oppose the Company's request that the Commission allow it to employ a flexible local exchange rate structure as described in its application and as first authorized by the Commission in Order No. 98-165 in Docket No. 97-467-C;

7) Quality agrees to resell the services of only those interexchange carriers or local exchange carriers authorized to do business in South Carolina by the Commission. Quality agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;

8) Quality agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

9) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;

10) The Company agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, the Company agrees to adhere to the Federal Communication Commission rules 47 C.F.R. §§ 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, the Company shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

11) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center" also known as "911 service." The Company agrees to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

12) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:  
(1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;  
(2) economic development and job attraction and retention in South Carolina; and  
(3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

13) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

14) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its

entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation;

15) This Settlement Agreement shall be interpreted according to South Carolina law;

16) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGE FOLLOWS]



WE AGREE:

**Representing the Office of Regulatory Staff**

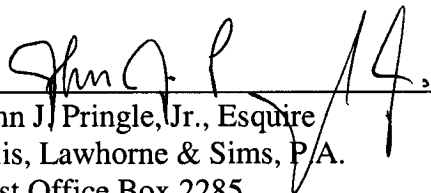


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C. Lessie Hammonds, Esquire  
Office of Regulatory Staff  
Post Office Box 11263  
1441 Main Street (Suite 300)  
Columbia, SC 29211  
Phone: (803) 737-0803  
Fax: (803) 737-0800  
Email: [lhammon@regstaff.sc.gov](mailto:lhammon@regstaff.sc.gov)

WE AGREE:

**Representing Quality Telephone, Incorporated**



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John J. Pringle, Jr., Esquire  
Ellis, Lawhorne & Sims, P/A.  
Post Office Box 2285  
1501 Main Street, 5<sup>th</sup> Floor  
Columbia, South Carolina 29202  
Phone: (803) 3343-1270  
Fax: (803) 779-4749  
Email: [jpringle@ellislawhorne.com](mailto:jpringle@ellislawhorne.com)

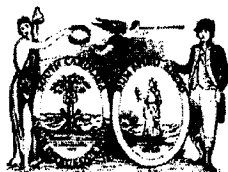
STATE OF SOUTH CAROLINA  
*State Budget and Control Board*

OFFICE OF RESEARCH & STATISTICS

MARK SANFORD, CHAIRMAN  
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GRADY L. PATTERSON, JR.  
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HUGH K. LEATHERMAN, SR.  
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ROBERT W. HARRELL, JR.  
 CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO  
 EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING  
 1000 ASSEMBLY STREET, SUITE 425  
 COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers  
 DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at [www.ors.state.sc.us/digital/E-911.ASP](http://www.ors.state.sc.us/digital/E-911.ASP). If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH  
 WILLIAM GILLESPIE  
 (803) 734-3805

GEODETTIC SURVEY  
 5 GEOLOGY ROAD  
 COLUMBIA, S.C. 29210  
 LEWIS LAPINE  
 (803) 896-7700

DIGITAL CARTOGRAPHY  
 (803) 734-3802

HEALTH & DEMOGRAPHICS  
 STATISTICS  
 1919 BLANDING STREET  
 COLUMBIA, S.C. 29201  
 WALTER P. BAILEY, M.P.H.  
 (803) 896-9941

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2005-232-C**

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COLUMBIA, SC

IN RE:

Application of Quality Telephone, Inc.)  
For a Certificate of Public )  
Convenience and Necessity to Provide )  
Resold Local Exchange Services, )  
Exchange Access Services, )  
Interexchange Telecommunications )  
Services and for Flexible Regulation )  
Of its Local Exchange Services )  
\_\_\_\_\_ )


**CERTIFICATE OF SERVICE**

This is to certify that I, Pamela McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John J. Pringle, Jr., Esquire  
Ellis Lawhorne & Sims, P.A.  
Post Office Box 2285  
Columbia, SC 29202

Judith A. Riley, Regulatory Consultant  
Telecom Professionals Incorporated  
2912 Lakeside Drive  
Oklahoma City, OK 73120

Margaret M. Fox  
South Carolina Telephone Coalition  
Post Office Box 11390  
Columbia, SC, 29211

  
\_\_\_\_\_  
Pamela McMullan

October 28, 2005  
Columbia, South Carolina